

Message Text

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ACT*ON EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-10 ISO-00 SCI-06

SCEM-02 INT-08 AID-20 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03 CIEP-02

LAB-06 SIL-01 OMB-01 DODE-00 PM-07 H-03 L-03 NSC-10

PA-04 PRS-01 SS-20 USIA-15 CEA-02 STR-08 IO-14 DRC-01

(ISO) W

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P R 021616Z JAN 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 2252

INFO AMEMBASSY BEIRUT

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIMA

AMEMBASSY LONDON

AMEMBASSY PORT OF SPAIN

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMCONSUL DHAHRAN

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ENRG VE

SUBJECT: VENEZUELAN PETROLEUM TAX REFERENCE VALUES
FOR JANUARY

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REF: CARACAS 11015

1. VENEZUELAN GOVERNMENT ANNOUNCED DECEMBER 28 THAT PETROLEUM TAX REFERENCE VALUES FOR JANUARY WILL BE 82 PCT HIGHER THAN THOSE IN EFFECT IN DECEMBER (REFTEL). AVERAGE JANUARY TRV WILL BE \$13.67 FOR CRUDE OIL AND \$14.92 FOR PRODUCTS. THUS, AVERAGE TRV FOR ALL VENEZUELAN CRUDES AND PRODUCTS WILL BE \$14.08. THESE TRV'S INCLUDE FREIGHT PREMIUM OF \$1.91 PER BARREL.

2. ON BASIS NEW TRV'S, VENEZUELAN GOVERNMENT'S TAX TAKE WILL BE \$8.25 PER BARREL. IF CONTINUED THROUGH-OUT YEAR, THESE PRICES WOULD GIVE VENEZUELA A REVENUE FROM OIL TOTALLING 30 BILLION BOLIVARES (\$7 BILLION), AS COMPARED WITH ESTIMATED 12 BILLION BOLIVARES IN 1973 AND 8 BILLION BOLIVARES IN 1972. FINMIN ESTIMATES.

3. COMMENT: ALTHOUGH THESE NEW OIL PRICES, AND THOSE THAT HAVE BEEN RECENTLY ANNOUNCED BY OTHER OIL PRODUCING NATIONS, ARE CATASTROPHIC FOR OIL IMPORTING COUNTRIES AND FOR WORLD ECONOMY, EMBASSY WOULD POINT OUT THAT VENEZUELA IS NOT SETTING PRICE TREND BUT FOLLOWING PRICE TREND ALREADY ESTABLISHED ELSEWHERE. WHEN ADJUSTED FOR FREIGHT DIFFERENTIALS, VENEZUELAN OIL, ON BASIS OF DELIVERED COST, TO ITS PRINCIPAL MARKET ON US EAST COAST, WILL BE NO MORE EXPENSIVE AND PROBABLY SOMEWHAT LESS EXPENSIVE THAN COMPETING SUPPLIES FROM OTHER PRODUCING COUNTRIES. VENEZUELAN PRICES WERE THUS SET ON SAME BASIS USED BY VENEZUELAN GOVERNMENT FOR MANY PRICE ADJUSTMENTS OVER PAST TWO YEARS, THAT IS, ON BASIS OF COMPARISON WITH PRICES ELSEWHERE AFTER ADJUSTMENT FOR SHIPPING COST DIFFERENTIALS.

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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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US Department of State
EO Systematic Review
30 JUN 2005

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